

OFFICE OF INSPECTOR GENERAL

Ron Russo, Inspector General

ANNUAL REPORT

FISCAL YEAR 2017-2018



Florida Department of Agriculture and Consumer Services
Adam H. Putnam, Commissioner



FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES COMMISSIONER ADAM H. PUTNAM

September 28, 2018

The Honorable Adam H. Putnam
Commissioner of Agriculture
Florida Department of Agriculture and Consumer Services
The Capitol, Plaza Level 10
Tallahassee, Florida 32399-0810

Dear Commissioner Putnam,

I am pleased to present the Annual Report for the Office of Inspector General which, pursuant to Section 20.055, Florida Statutes, summarizes the activities and accomplishments for the 12-month period ending June 30, 2018.

During the past year, our audits and reviews resulted in the continued strengthening of department programs. Specifically, findings and recommendations related to our review of the department's direct-support organizations, law enforcement evidence handling, accuracy of performance measures, purchasing card processes, property tracking and inventory, inspector performance monitoring, and the Florida State Fair operations, all yielded corrective actions that reduced opportunities for fraud while increasing operational efficiencies.

The Investigative Section, whose professional standards are recognized by the Commission on Florida Accreditation, serviced 245 complaints. We conducted 163 investigations statewide, resulting in numerous personnel actions and several policy modifications. Our investigative activities prevented losses to the department in excess of \$6.6 million.

We look forward to working with the leadership team as we continue to promote efficiencies that assist the department in accomplishing its critical mission.

Sincerely,

Ron Russo
Inspector General

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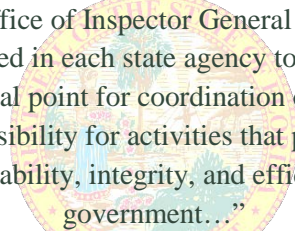
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INTRODUCTION



“The Office of Inspector General is hereby established in each state agency to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government...”

Section 20.055(2), Florida Statutes

Executive Summary

The Office of Inspector General (OIG) has prepared this Annual Report, which covers the period from July 1, 2017, to June 30, 2018, pursuant to the provisions of §20.055, Florida Statutes, commonly referred to as the Inspector General Act. The report is organized to reflect the responsibilities and accomplishments of the OIG.

During this reporting period, we completed significant audit, special project, and investigative work to promote the economy, efficiency and effectiveness of the department’s programs and operations.

The Audit Section conducted 18 projects, which included assurance audits, internal consulting, and external audit coordination. These projects provided department leadership with an objective assessment of the issues, while offering specific recommendations to correct deficiencies and improve program effectiveness.

The Investigative Section received 245 complaints resulting in 163 investigations and multiple personnel actions.

Mission

The OIG promotes the effective, efficient, and economical operation of department programs.

Vision

The OIG provides the highest quality work product and services that facilitates positive change.

Value

The OIG values making a positive difference through the work we do. We are committed to constantly improving how we operate, embracing innovation, and using persistence and determination to achieve results.

Responsibilities

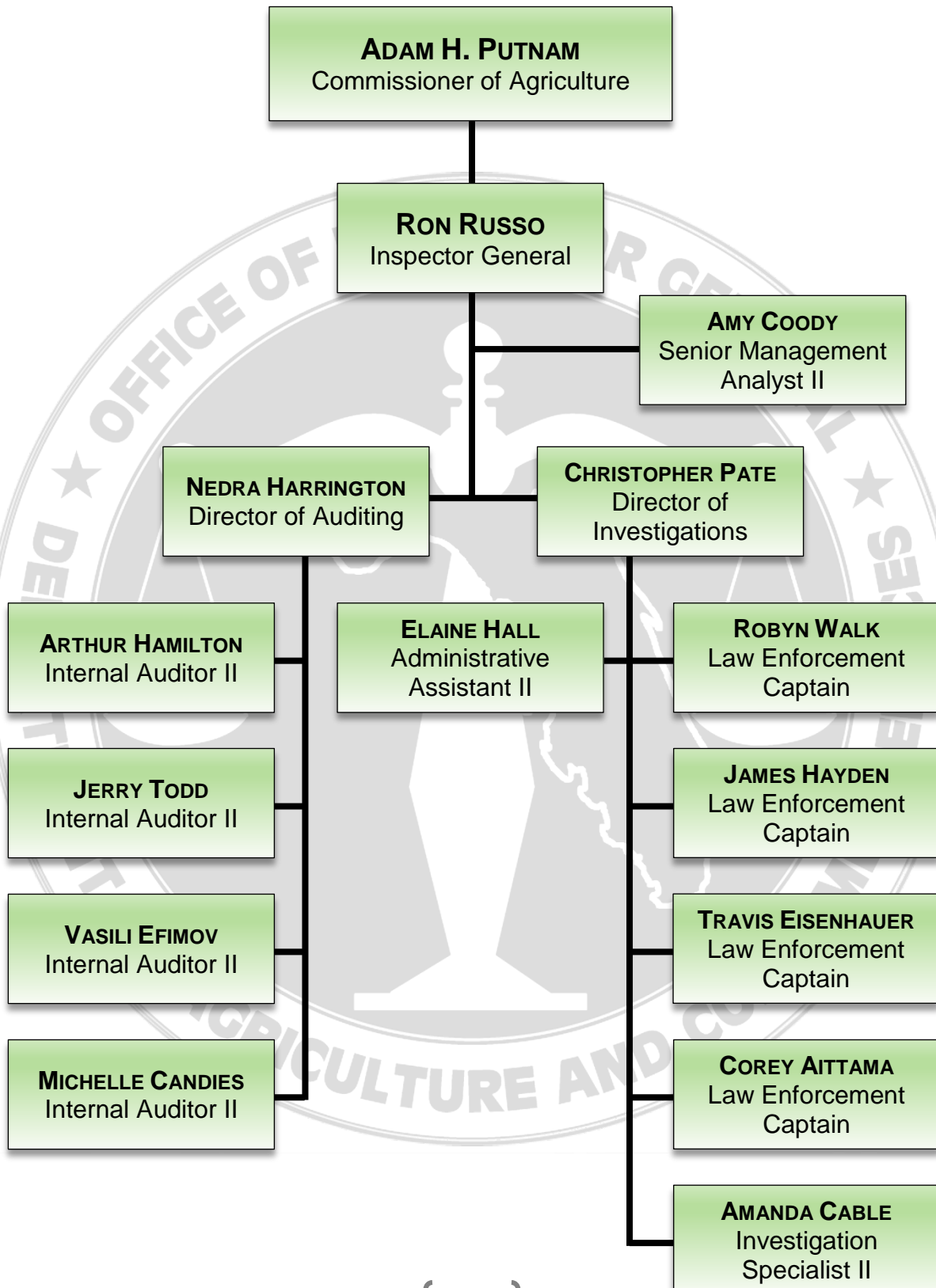
The duties and responsibilities of the OIG include:

- Assess the validity and reliability of the information provided by the department on performance measures and standards and make recommendations for improvement, if necessary. Provide direction for, supervise, and coordinate audits and management reviews relating to the programs and operations of the department.
- Keep the Commissioner of Agriculture informed, recommend corrective action, and report on progress of corrective action concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the department.
- Conduct, supervise, or coordinate other activities carried out or financed by the department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, department programs and operations.
- Receive complaints and coordinate all activities of the department as required by the Whistle-blower's Act, §§112.3187-112.31895, Florida Statutes.
- Conduct criminal and administrative investigations of matters relating to the department, as required by §570.092, Florida Statutes.

INTRODUCTION

Organizational Structure

The OIG was established in 1994 in accordance with §20.055, Florida Statutes. The OIG is comprised of the positions referenced within the organizational chart below.



INTRODUCTION

Staff Qualifications

Employees within the OIG possess a wide variety of expertise in areas such as auditing, accounting, investigations, and information technology. Employees continually seek to further enhance their abilities and contributions to the OIG and the department. Additionally, employees within the OIG participate in multiple professional organizations to maintain proficiency in their areas of expertise and certification. These accomplishments represent significant time and effort, reflecting positively on the employee as well as the department.

The following summarizes professional certifications maintained by OIG employees:


- Seven Certified Law Enforcement Officers
- One Certified Inspector General
- One Certified Internal Auditor
- One Certified Information Systems Auditor
- Two Certified Public Accountants

OIG Training Accomplishments

The OIG has outlined a training assessment plan in Policy and Procedure 2-01, OIG Operations Manual, which provides for quality training for new and existing OIG staff members. This continuing staff development helps ensure the highest quality investigation and audit products. Staff members utilize training resources from various organizations, agencies, local universities, and individuals.

In accordance with the International Standards for the Professional Practice of Internal Auditing, internal auditors are responsible for continuing education to maintain proficiency and satisfy requirements related to professional certifications held.

Sworn law enforcement officers are required to complete 40 hours of law enforcement-related continuing education training every two years in accordance with §943.135, Florida Statutes, and law enforcement accreditation standards. Also, officers are required to qualify annually with assigned firearms and encouraged to complete a minimum of 12 hours of firearms training annually.



IT IS WHEN WE STOP DOING OUR BEST WORK THAT OUR ENTHUSIASM FOR
THE JOB WANES. WE MUST MOTIVATE OURSELVES TO DO OUR VERY BEST,
AND BY OUR EXAMPLE LEAD OTHERS TO DO THEIR BEST AS WELL.

S. Truett Cathy

INVESTIGATIONS

Investigative Section

Overview

The Investigative Section is comprised of sworn law enforcement professionals who conduct investigations of alleged criminal and administrative misconduct relating to the department. Investigators routinely conduct sworn interviews, collect items of evidence, implement technological investigative measures, and produce comprehensive investigative reports. Investigations may be broad in nature, requiring coordination with federal, state or local law enforcement partners, or may concern narrow issues associated with the alleged actions of a single department employee. The Investigative Section works with federal and state prosecutors, when necessary, to prepare an investigation for trial, or communicates with division and personnel management in cases of administrative misconduct. Complaints can be received from any source: department employees; whistle-blowers as defined by §112.3187, Florida Statutes; business entities regulated by or doing business with the department; or private citizens.

Organization

The Investigative Section conducts state-wide investigations and has offices in Tallahassee and Tampa. The daily operations are the responsibility of the Director of Investigations, who supervises a team of four Captains, one Investigation Specialist II and an administrative assistant. The Investigative Section collectively possesses over one hundred thirty years of law enforcement experience. This combination of experience brings a broad range of knowledge and professionalism to the Investigative Section.

Accreditation

The OIG continues to maintain full accreditation status, initially awarded in 2010. The OIG was reaccredited in 2013 and 2016 by the Commission for Florida Law Enforcement Accreditation (CFA). The accreditation process is voluntary, with benchmarks which consist of compliance with 46 significant standards, a detailed on-site review by the CFA assessment team, and inspection of the OIG facilities. Proof of compliance is submitted annually with re-accreditation occurring every three years.

The OIG team demonstrates outstanding dedication and professionalism by consistently exceeding the challenging standards set forth by the CFA. Our next accreditation assessment is upcoming in March 2019.



Background Review

The OIG has instituted a pre-employment criminal history background screening program throughout the department. The OIG receives and reviews background reports of applicants selected to fill positions of special trust and notifies division personnel liaisons (usually within one day) if an applicant has no criminal history or if the record requires review. Criminal convictions which prohibit employment in a position of special trust are brought to the attention of the division for review and any action deemed appropriate. Pre-employment reviews conserve administrative and investigative time, money, and staff resources: hiring managers can select other qualified candidates and investigations can be concluded upon conviction review. During FY 17-18, the OIG conducted 416 background reviews, 29 of which required further analysis.

INVESTIGATIONS

The Investigative Process

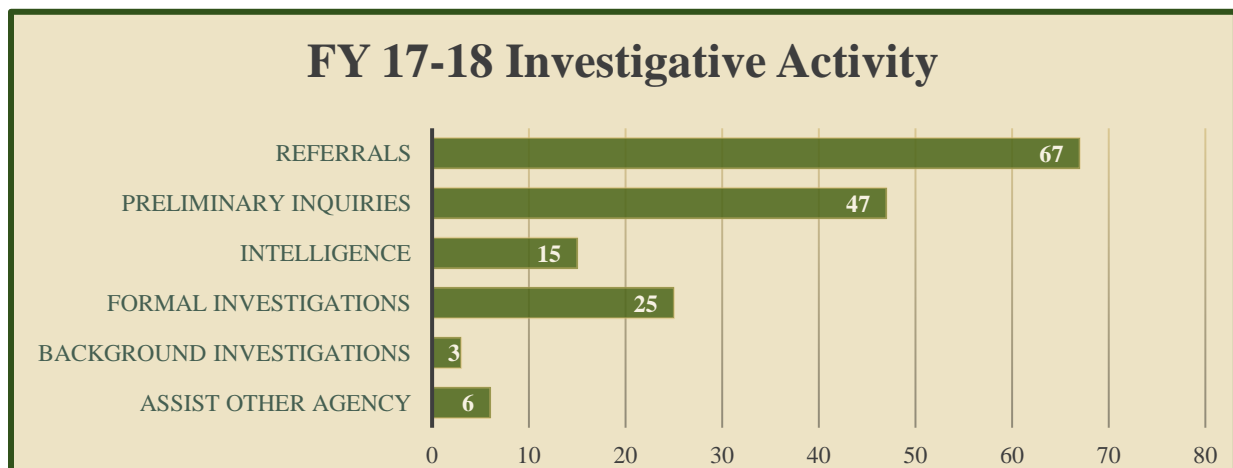
Complaints

The OIG receives complaints and correspondence through a variety of means: letter, telephone, facsimile, email, online or in person. All complaints, questions, and requests, whether received from a complainant or a division, are systematically reviewed and evaluated. In the event the issue is outside the purview of the OIG or does not pertain to the department, the OIG works with the complainant in directing the issue to the appropriate venue. During FY 17-18, the OIG received 245 complaints.

Investigative Activity

OIG investigations may fall into one of the following five categories, depending on the nature of the allegations and the evidence contained in the complaints. The number of investigations resulting from complaints can be found in the proceeding diagram.

- Referral: Documented complaint or allegation which does not initially warrant an investigation. These complaints are referred to the appropriate division director for resolution, often with a request the division inform our office of any action taken. The referral is a valuable tool which enables the OIG to ensure divisions are accountable and responsive to the complainant's concerns.
- Preliminary Inquiry: Investigation conducted when it is necessary to determine the validity of a complaint and to expand upon initial information to determine if a formal investigation is warranted.
- Intelligence: Information which does not meet the requirements to open a preliminary inquiry but has potential future investigatory or reference value.
- Formal Investigation: Investigation in which a systematic collection and evaluation of evidence results in a conclusion or finding. Such investigations are conducted in accordance with law, Administrative Policies and Procedures, Principles and Standards for Offices of Inspector General and/or CFA standards, and include violations of law, sexual harassment, discrimination, and whistle-blower investigations.
- Background Investigation: Review of the criminal history of an applicant or employee when the criminal history appears to be in conflict with the requirements of the position.
- Assist Other Agency: Case which involves significant investigative activity in support of another state, federal or local agency.



INVESTIGATIONS

The table below illustrates investigative activities for FY 17-18 by county and division or office.

	Administration	Agricultural Environmental Services	Animal Industry	Aquaculture	Consumer Services	Florida Forest Service	Food Nutrition	Food Safety	Food, Nutrition and Wellness	Fruit and Vegetables	Licensing	Marketing and Development	Non-FDACS	OALE	OATS	Office of the Commissioner	Office of Energy	Plant Industry
Alachua												1		1				1
Baker														1				
Brevard								1										
Broward					1													
Charlotte						1												
Citrus						1												
Collier						1			1	2								1
Dixie				1														
Duval						2					1							
Escambia					1									2				1
Flagler						1												
Hamilton								1		2		2		1				
Hendry						1				1								
Highlands		1																5
Hillsborough		2			3			1	1				2	1				
Jackson																		1
Lafayette		1												1				
Lee			1			4												
Leon	5		5	1	8	2	1	3	2		37	2		3	3	3	2	
Levy				1														
Manatee						1												
Marion						1												
Martin								1										
Miami-Dade						1		1		1				2				4
Monroe					1													
Okeechobee			1					1										
Palm Beach		1																
Polk		1								1								2
Putnam						1												
Saint Johns					1													
Santa Rosa						1												
St. Johns								1		1								
Suwannee														1				
Taylor						1												
Volusia					1	2		1										

INVESTIGATIONS

Formal Investigations

An investigation of a violation of Administrative Policies and Procedures 5-3, Disciplinary Policy and Employee Standards of Conduct, is referred to as a formal investigation. Once the investigative process is complete, an investigative report is completed. The report gives an overview of the investigation conducted: the initial allegation(s), all individuals involved, a summary of the interviews conducted, and an overview of all evidentiary support.

If, during the course of a formal investigation, a violation of criminal statutes or federal laws is identified, the OIG will coordinate with state and federal prosecutors and other law enforcement agencies, when necessary, to appropriately address the violation and pursue formal charges, if applicable.

Based on an evaluation of the case in its totality, one of the following findings are reported for each allegation.

- Sustained: Evidence is sufficient to prove the allegation.
- Not Sustained: Insufficient evidence available to prove or disprove the allegation.
- Exonerated: Alleged actions occurred but were lawful and proper.
- Unfounded: The allegation was false or not supported by fact.
- Policy Failure: The alleged action occurred and could have caused harm; however, the actions taken were not inconsistent with department policy.

The table below summarizes the violations which were sustained. It is important to note that numerous investigations involved multiple violations.

Allegation	Sustained
Misconduct AP&P 5-3, V., G.	1
Insubordination AP&P 5-3, V., D.	1
Poor Performance AP&P 5-3, V., A.	2
Conduct Unbecoming a Public Employee AP&P 5-3, V., F.	8
Violation of Law or Agency Rules AP&P 5-3, V., E. <i>Violations in this category fall into one of three areas: violation of Florida state statute, agency policy or division policy. Sustained violations of this nature are below.</i>	11
Violation of Division Policy	1
Failure to Report Sexual Harassment AP&P 5-21	1
Sexual Harassment AP&P 5-21	1
§832.05, F.S., Giving Worthless Checks	1
§812.014(2), F.S., Grand Theft (Firearm)	1
Outside Employment, Dual Employment, Compensation and Other AP&P 5-25	2
§837.06, F.S., False Official Statements	4

INVESTIGATIONS

Investigative Case Summaries

Of the 157 cases completed during the reported fiscal year, the following is a brief summary of the significant investigations.

IG 2012-0118

On November 28, 2012, the OIG received information from the Office of Energy (OOE) concerning a private company believed to have fraudulently represented information to the OOE to obtain federal grant money. A joint criminal investigation by the OIG and United States Secret Service was initiated; investigative findings were submitted to the US Attorney's Office for the Northern District of Florida for review and prosecutorial consideration. One defendant entered guilty plea and has been sentenced. After a six-day trial December 2017, another defendant was found guilty of conspiracy to commit mail fraud and with retaining and concealing federal funds. Sentencing is set for Fall 2018.

IG 2016-0080

This investigation concerned the circumstances of an unreported firearms acquisition which occurred in 2004. The investigation determined that allegations of violation of AP&P 5-3., E. Violation of Law or Agency Rules, to wit: Section 812.014 (2)(c)(5), Florida Statutes, grand theft (firearm) through misappropriation, and AP&P 5-3, V., B., Negligence, were **SUSTAINED**.

Personnel Action: No longer employed with FDACS

IG 2017-0009

This investigation concerned alleged inappropriate and discourteous off-duty conduct by a direct supervisor. The investigation determined that the allegation of violation of AP&P 5-3, V., F., Conduct Unbecoming a Public Employee, was **SUSTAINED**.

Personnel Action: Termination

IG 2017-0016

This investigation concerned an alleged verbal altercation and harassing behavior of a supervisor. The investigation concluded that the allegation of violation of AP&P 5-3, V., F., Conduct Unbecoming, was **SUSTAINED**. The investigation further concluded that the allegation of violation of AP&P 5-3, V., F., Conduct Unbecoming, was **UNFOUNDED**.

Personnel Action: Written reprimand

IG 2017-0051

This investigation concerned criminal history information which appeared to be in conflict with provisions of Chapter 435, Florida Statutes, Level 2 Screening Standards. The investigation concluded the allegation of False Official Statements was **SUSTAINED**.

Personnel Action: Written reprimand

IG 2017-0053

This investigation concerned information developed during a separate investigation indicating an employee surreptitiously recorded conversations with a supervisor. The investigation concluded the allegation of violation of AP&P 5-3, Violation of Law or Agency Rules, to wit: Section 943.03, Florida Statutes, Interception of Oral Communications, was **NOT SUSTAINED**.

IG 2017-0061

This investigation concerned criminal history information which appeared to be in conflict with provisions of Chapter 435, Florida Statutes, Level 2 Screening Standards. The investigation concluded the allegation of False Official Statements was **SUSTAINED**.

Personnel Action: Written reprimand

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IG 2017-0063

This investigation concerned allegations that an employee was employed outside the department without approval. The investigation determined the allegation for Violation of Law or Agency Rules, to wit: Division Policy, was **NOT SUSTAINED**. The investigation further determined the allegation of Violation of Law or Agency Rules, to wit: Outside Employment and Poor Performance, was **SUSTAINED**.

Personnel Action: Written reprimand

IG 2017-0065

This investigation concerned allegations concerning a department employee soliciting and accepting bribes. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: Unlawful Compensation, was **NOT SUSTAINED**. The remaining allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Termination

IG 2017-0071

This investigation concerned criminal history information which appeared to be in conflict with provisions of Chapter 435, Florida Statutes, Level 2 Screening Standards. The investigation concluded the allegation of False Official Statements was **SUSTAINED**.

Personnel Action: No action noted

IG 2017-0072

This investigation concerned allegations of discrimination. The allegation for Violation of Law or Agency Rules, to wit: Discrimination, is **NOT SUSTAINED**.

IG 2017-0073

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application. The investigation concluded that the allegation of Violation of Law or Agency

Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**.

Personnel Action: Termination

IG 2017-0074

This investigation concerned alleged inappropriate comments of a sexual nature to a non-Florida Forest Service employee. The investigation concluded that the allegation of Sexual Harassment was **NOT SUSTAINED**; however, the allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Written reprimand



IG 2017-0076

This investigation concerned allegations of an employee's arrest for multiple counts of giving worthless checks. The allegation for violating AP&P 5-3., E., Violation of Law or Agency Rules, to wit: Section 832.05, Florida Statutes, Giving Worthless Checks, was **SUSTAINED**.

Personnel Action: Resignation

IG 2017-0081

This investigation concerned allegations of inappropriate comments made to a member of the public. The investigation concluded that the allegation for Misconduct was **SUSTAINED**. Additionally, the allegation of Violation of Law or Agency Rules, to wit: Minimum Standards of Conduct and Performance, was also **SUSTAINED**.

Personnel Action: Resignation

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IG 2017-0084

This investigation concerned an allegation of a verbal altercation in which an employee used discourteous and threatening language. The investigation concluded that the allegation for Violation of Law or Agency Rules, to wit: Workplace Violence, was **UNFOUNDED**. Additionally, the allegations against two employees for Conduct Unbecoming a Public Employee were **SUSTAINED**.

Personnel Action: Written reprimand

IG 2017-0093

This investigation concerned allegations that an employee made discourteous and derogatory remarks about another to other coworkers. The investigation determined that the allegation of violating AP&P 5-3, V., F., Conduct Unbecoming a Public Employee, was **NOT SUSTAINED**. Additionally, the allegation for Violation of Law or Agency Rules, to wit: AP&P 5-21, Discrimination, was **UNFOUNDED**.

IG 2017-0106

This investigation concerned allegations of possible sexual harassment by a supervisor. The allegation for violation of AP&P 5-21, Sexual Harassment, was **NOT SUSTAINED**.

IG 2017-0110

This investigation concerned allegations of discrimination and unprofessional conduct against two department employees. The allegations against the two employees of violation of AP&P 5-3, V., F., Conduct Unbecoming a Public Employee, were **NOT SUSTAINED**; the allegations of violation of AP&P 5-3, V., E., Violation of Law or Agency Rules, to wit: AP&P 5-21, Discrimination, were **NOT SUSTAINED**.

IG 2017-0118

This investigation concerned an allegation of an apparent altered timesheet of a department

employee. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: Falsifying Timesheets, was **NOT SUSTAINED**. However, the developed allegation of engaging in outside employment without approval was **SUSTAINED**.

Personnel Action: Termination

IG 2017-0120

This investigation concerned allegations of an altercation involving physical contact between two department employees. The investigation concluded that the allegations of Violation of AP&P 5-3, Conduct Unbecoming a Public Employee, are **NOT SUSTAINED**.

IG 2017-0123

This investigation concerned allegations of sexual harassment against a department employee and further allegations that a supervisor failed to take appropriate action when the sexual harassment incident was reported. The investigation concluded that the allegation of violation of AP&P 5-21, Sexual Harassment, was **NOT SUSTAINED**. The investigation further concluded that the allegation of violation of AP&P 5-21, Sexual Harassment, Failure to Report, was **SUSTAINED**.

Personnel Action: Written reprimand

IG 2017-0132

This investigation concerned an allegation that an off-duty department employee engaged in conduct which was inappropriate. The investigation concluded that the allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Memorandum of Supervision

IG 2018-0006

This investigation concerned an alleged verbal altercation between a department employee and supervisor in which the

INVESTIGATIONS

employee was insubordinate and exhibited a behavior and tone which was perceived as threatening. The investigation concluded that the allegations of Conduct Unbecoming a Public Employee and Insubordination were **SUSTAINED**.

Personnel Action: Written reprimand

IG 2018-0037

This investigation concerned allegations of inappropriate behavior. The investigation concluded that the allegation of violation of AP&P 5-21, Sexual Harassment, was **SUSTAINED**.

Personnel Action: Termination



OUR INVESTIGATIVE ACTIVITIES PREVENTED LOSSES TO THE
DEPARTMENT IN EXCESS OF **\$6.6 MILLION**.

IG Ron Russo

Disciplinary Actions

Upon completion of an investigation, the results are forwarded to the Commissioner of Agriculture, appropriate managers, and the Bureau of Personnel Management for review and a determination of disciplinary action, each of which are noted above in the individual case summaries.

Employees found in violation of law or agency rule have been employed by the department for varying lengths time. For FY 17-18, the average length of employment at the time of violation is 7.88 years; the majority of employees with a sustained violation have been employed with the department for less than three years or more than ten years. The time in service of employees with a sustained violation during the fiscal year can be found in the following table.

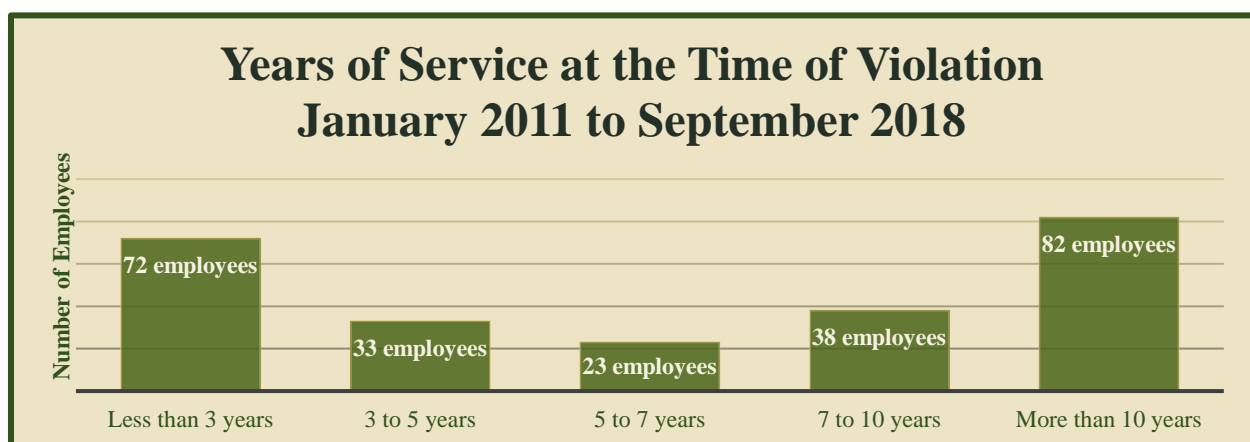


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There is a noticeable trend with respect to years of service at the time of the infraction; roughly two-thirds of all violations were committed by employees with less than three years or greater than ten years of service, as illustrated by the following chart which encompasses all personnel actions from January 2011 to September 2018.



During this time period, the average length of employment was 9.07 years. The table below depicts the number of employees in each category.



The OIG compiles and analyzes such data and provides to the Division of Administration Professional Development Section in an effort to more effectively target training.

Audit Section Overview

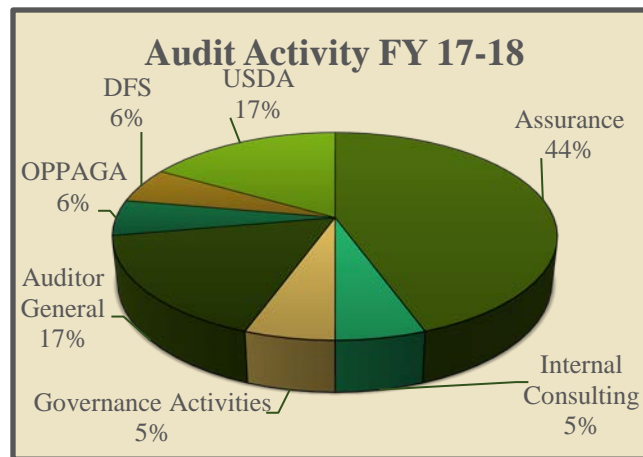
The Audit Section provides an independent, objective assurance and consulting function designed to add value and improve department operations. The Audit Section has assisted the department in accomplishing its goals by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes. The activities of the Audit Section can be seen in the chart below.

Professional Standards

Pursuant to §§20.055(2)(j) and 20.055(5)(a), Florida Statutes, internal audit activities are performed in accordance with the General Principles and Standards for Offices of Inspector General and International Standards for the Professional Practice of Internal Auditing, as published by the Association of Inspectors General and the Institute of Internal Auditors, respectively. Audit projects involving information technology (IT) are also conducted in accordance with Information Systems Auditing Standards, as published by the Information Systems Audit and Control Association.

Proficiency

The professional standards referenced above require that staff (individually and collectively) possess the knowledge and skills to perform their responsibilities. A high level of proficiency has been achieved for the Audit Section (four professional staff) through education, professional certifications, and other continuing professional development activities.



Quality Assurance Program

The Audit Section continues to implement and employ a number of internal audit best management practices. These include partnering with management, increasing staff performance through

the use of computer-assisted auditing techniques, developing staff professionally, maintaining IT audit staff, and providing a balanced combination of assurance and consulting services.

As part of the internal Quality Assurance Program, the Audit Section:

- Reviews professional standards and internal policies and procedures;
- Participates in various training and development activities; and,
- Continues to improve audit techniques, tools, and technology.

The Audit Section also periodically reviews audit programs and report formats and performs internal peer reviews for the completeness of work papers. Additionally, pursuant to § 20.055, Florida Statutes, the Audit Section is evaluated every three years by the Auditor General's Office. In 2018, the Auditor General will conduct a quality assessment review of the OIG's internal audit activity for the period July 2017 through June 2018.

AUDITING

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.”

—International Standards for the Professional Practice of Internal Auditing,
as published by the Institute of Internal Auditors

Internal Assurance & Consulting Services

The OIG initiated or completed eight (8) assurance engagements and two (2) internal consulting services during Fiscal Year 2017-2018, as reflected in the following table. Assurance engagements are based on the OIG's annual risk assessment, annual Audit Plan, and/or special request by department management. Consulting services are based on requests from department management, as well as through joint projects with department personnel, which are designed to enhance internal controls or organizational governance. One of the consulting services we provide includes ongoing governance activities to monitor current information technology issues for the department. The table below enumerates all projects for the fiscal year and is followed by a summary of those projects.

Assurance and Consulting Engagements for FY 17-18				
REPORT #	REPORT TITLE	ASSURANCE	CONSULTING	PAGE #
IA 1718-02	Audit of the Forestry Arson Alert Association, Inc.	Assurance		15
IA 1718-03	2017 Florida State Fair Attendance and Gate Admission Revenue	Assurance		18
IA 1718-04	Audit of Inventory Tracking of Sensitive Property Items	Assurance		20
IA 1718-05	Monitoring of Inspector Performance – Division of Animal Industry	Assurance		25
In Progress	2018 Florida State Fair Attendance and Gate Admission Revenue	Assurance		28
In Progress	Performance Measure Accuracy, Division of Plant Industry <i>Percentage Change in Number of New Harmful Exotic Organism Detections</i>	Assurance		28
In Progress	Office of Agricultural Law Enforcement's Evidence Handling	Assurance		28
In Progress	Purchasing Card Process	Assurance		28
No Report Issued	Performance Measures – Review of Validity and Reliability Statements		Consulting	28
On-going	Technology Governance Committee		Consulting	28

Audit of the Forestry Arson Alert Association, Inc.

(Report Number: IA 1718-02)

The objectives of this audit were to evaluate management's performance and the effectiveness of established internal controls in achieving compliance with laws, rules, and other guidelines, the economic and efficient operations of the Forestry Arson Alert Association, Inc., and the safeguarding of assets. The scope of this audit was operational, administrative, and financial activities occurring between January 1, 2016, and December 31, 2016, and select activities which occurred during calendar years 2015 and 2017.

The operational activities and financial management of the Association are economical and efficient. However, improvements could be made to ensure compliance with Florida Statutes and adequately safeguard the Association's assets.

Bylaws

The purpose of bylaws is to assist an organization in governing itself by defining key functions and establishing the roles of board members and executive officers. The Association's bylaws establish its name, purpose, the process for electing board members, and the responsibilities of the executive officers and board members. In addition, the term limits for its members, voting rights, the procedures for meeting notifications and the minimum number of board members that constitute a quorum are outlined in the bylaws.

Voting by Non-Board Members

The Association's bylaws state that "each board member shall have one vote." Based on the OIG's discussions with division

personnel, it was determined that executive officers who are not also board members were allowed to vote during board meetings.

Recommendation: The Association should exercise voting rights in accordance with the bylaws.

Management Response: The wording will be changed in the bylaws to allow executive officers to vote.

Completeness of Meeting Minutes

Based on a review of the bylaws and discussions with division personnel, the OIG determined that revisions to the bylaws were approved during the board meeting held on January 23, 2015. The meeting minutes indicate that seven of the thirteen board members attended the meeting; therefore, a majority was present. However, the board's review and subsequent approval of the revised bylaws were not referenced in the meeting minutes.

Recommendation: The Association should ensure all actions taken at board meetings are documented in the meeting minutes.

Management Response: A non-member of the board will assist with taking meeting notes and an audio record will be taken if a non-member is not available.

Board Meetings Notice

The Association notifies board members of meetings by email, in accordance with its bylaws. During the audit period, the board held its annual meeting on January 22, 2016. A notice for the meeting was emailed to board members on November 2, 2015, with follow-up emails on January 19 and 21, 2016.

Annual Reports

In accordance with Section 617.1622(1), Florida Statutes, the Association is required to file an annual report by May 1 with the Department of State to provide information such as the name of the corporation, date of



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incorporation, address and federal employer identification number. The Association timely filed the reports on February 26, 2016, and February 8, 2017.

In addition, Section 20.058(1), Florida Statutes, requires the Association to submit to the department by August 1 such information as name, mailing address, telephone number, and authority under which the organization was created. The report also must include a brief description of the mission of, and results obtained by, the organization, and a brief description of the organization's plans for the next three fiscal years. The Association timely submitted the report on June 9, 2016.

Lastly, Section 216.102(2)(a), Florida Statutes, requires the Association to submit financial information for the preparation of annual financial statements to the department by a date specified by the Chief Financial Officer. To meet the reporting deadline, the department's Bureau of Finance and Accounting required the Association to submit the information by July 29, 2016. The Association timely submitted its financial information on June 9, 2016.

Arson Alert Rewards

The Association offers rewards for information that leads to the arrest and conviction of a wildland arsonist. The FFS Fire Manual stipulates that if the field unit manager feels the information supplied merits a reward, the manager may submit a memorandum to the Chief of Forest Protection requesting that a specific award amount be granted to the caller. The Chief will review the particulars of the arson case with the president of the Association, followed by a presentation to the Association's board. The board will make the decision regarding whether to approve the reward as well as the reward amount.

The Association did not issue any rewards during the audit period. The last two rewards

for \$1,000 each were paid in 2015 to residents in the Perry and Everglades Districts. In accordance with the FFS Fire Manual, the board approved the first reward in the January 23, 2015, board meeting and the second reward was approved through an email vote on August 10, 2015.

Segregation of Duties

In the prior audit of the Association, the OIG determined that the Association's coordinator collected, recorded, deposited and reconciled revenue. The coordinator also wrote and signed the checks for expenses incurred by the Association. Therefore, the OIG recommended that the Association should implement procedures to separate incompatible duties to the extent feasible, and where not feasible, compensating controls should be established to ensure errors or irregularities would be detected in a timely manner.

In response to the OIG's recommendation, FFS management indicated that the Association would separate duties where feasible, including the separation of the revenue collection and reconciliation duties. The coordinator was to be in charge of revenue collection, writing checks and depositing funds. An FFS administrative assistant in the Forest Protection Bureau was to be in charge of reconciling the Association's financial activities. In addition, a quarterly review of the account was to be conducted by the administrative assistant, along with the coordinator for the Association and the Association's treasurer.

Based on the OIG's discussions with the coordinator, she still performs the incompatible duties identified during the previous audit. However, we determined that the FFS program manager in the Forest Protection Bureau currently performs a quarterly review of the reconciliations performed by the coordinator.

Recommendation: The Association should endeavor to separate incompatible duties whenever staffing levels will allow.

Management Response: One program manager will perform the reconciliations and another will handle the accounting.

Collection of Revenue (Donations and Fundraisers)

The FFS Fire Manual states, “A field unit can solicit Arson Alert donations for the purpose of arson rewards or special prevention projects within the field unit.” The FFS Policy and Procedure 120, Revenue Procedures, addresses how revenue (e.g., fees and permits) collected in the field should be documented and deposited, or mailed to the Revenue Section’s P.O. Box. However, neither the Fire Manual nor the revenue procedures address the method by which donations are to be collected by the field units and transferred to the Association’s coordinator.

In the prior audit of the Association, the OIG recommended that specific procedures be developed for the collection and transfer of donations received by the field units. In response to the recommendation, FFS management indicated that the FFS Fire Manual would be updated to include specific procedures for the collection and transfer of donations received by the field units. Management further indicated that donated funds collected by a field unit should ideally be in the form of a check and would be mailed directly to the Association’s coordinator. Before mailing the check, the field unit would notify the coordinator to expect the check to arrive. After receiving and depositing the check into the Association’s bank account, the coordinator would email the field unit to

inform them that the check was received and deposited.

Based on the OIG’s review of the Fire Manual, we determined that the manual was revised in November 2015, but was not updated to include procedures to address the collection and transfer of donations received by the field units.

In 2016, four donors mailed donations totaling \$2,450 directly to the Association. No donations were collected in the field.

Recommendation: The Association should develop specific procedures for the collection and transfer of donations received by the field units. The procedures should address the restrictive endorsement of checks, physical security of funds while maintained in the field, the timeframe within which checks should be transferred to the coordinator, acceptable methods for mailing funds to the coordinator (e.g., U.S. Postal Service), and the email notifications that should be generated by the field unit and coordinator when sending and receiving funds, respectively.

In addition, since the FFS program manager is responsible for performing quarterly reviews of the reconciliations performed by the coordinator, we recommend that the FFS program manager is copied on the email correspondence.

Management Response: The revision to the policy is currently in process. The procedures will be updated by the next board meeting in January 2019.

Maintaining Copies of Donor Checks

During the audit, the OIG determined that the Association’s coordinator routinely retained



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copies of donor checks because she believed it to be a requirement. The account numbers on the checks were not redacted, posing a risk that the payee's financial information could be compromised.

Recommendation: The Association should consider ending the practice of retaining copies of donor checks. If the Association establishes a legitimate need to retain a copy of the check, the account numbers should be redacted.

Management Response: The Association will no longer retain copies of checks unless account numbers have been redacted.

Documentation for Expenditures

For calendar year 2016, the Association processed 11 expenditures totaling \$2,063. For one of the expenditures, which totaled \$102, a receipt or invoice was not maintained.

Recommendation: As recommended in the 2014 audit, the Association should ensure sufficient documentation is maintained to support all expenditures.

Management Response: The Association will maintain a copy of all receipts and invoices.

Funds Management

The Association has a certificate of deposit (CD), savings account and checking account. Even though the CD provides the highest interest rate, the OIG was informed that the board wishes to maintain a generous balance in the savings account to have cash readily accessible. However, the budget for 2017 anticipates \$10,200 in expenditures that will be partially offset by anticipated revenues of \$4,700. In addition, average expenditures for the last five years were \$4,047. Therefore, there may be an opportunity for the Association to shift additional funds from the savings account into the CD to take advantage of the higher interest rate.

Consideration should also be given to transferring additional funds to the checking account to avoid overdraft fees. In 2016, the Association issued 11 checks and incurred three overdraft fees for five dollars each.

Recommendations: The Association should reconsider transferring money from the savings account to the CD to take advantage of the higher interest rate offered on the CD. In addition, the Association should consider maintaining a higher balance in the checking account or monitor the balance in the account more closely to avoid overdraft fees.

Management Response: Additional funds will be maintained in the checking account to avoid overdraft fees. The funds will remain in the savings account until a final decision is voted on at the next board meeting in January 2019.

2017 Florida State Fair Attendance and Gate Admission Revenue

(Report Number: IA 1718-03)



The objectives of the audit were to determine if the reported attendance and gate admission revenue is fairly stated, and to assess the efficiency of the Fair's fiscal activities. The scope of the audit was the attendance and gate admission revenue of the 2017 Fair held during the period of February 9 - 20, 2017, including advance gate admission sales occurring prior to the Fair's opening and refunds or credits made through February 28, 2017.

In our opinion, the attendance of 440,718 and gate admission revenue of \$3,478,380 pertaining to the 2017 Fair, as of February 28, 2017, are fairly stated in all material respects.

The OIG staff spent several days at the Fair and observed numerous activities performed by Fair staff, including procedures followed at the entrance gates and in the Fair's Bank.

The findings and recommendations resulting from our observations are detailed as follows.

Reconciling to Cash

Based on the OIG's observations of bank operations, the bank tellers verified that the sellers turned in the amount of expected cash, however, the ticket office teller did not verify that the seller turned in the number of vouchers reflected on the seller's report. Absent this additional verification, the expected cash could be understated if the vouchers recorded in the system were overstated.

Recommendation: Fair management should continue to ensure mandatory hands-on training is provided to new ticket office tellers, with training optional for returning tellers. In addition, the training should address balancing the seller's activity to sales instead of cash.

Management Response: Management will continue with the enhanced training including special sessions in January. The normal group training the weekend before the fair will also continue. For the 2018 Fair, the procedure for the tellers to balance the seller's activity to both sales and cash will be implemented.

Balancing Midway Sellers on Manual Days

Based on the observations of the OIG staff, on the first day the manual process was activated, the ticket office tellers appeared to be unsure of how to record and calculate the sales on the settlement report. It should be noted that the pre-fair training did not specifically address how to record or calculate sales when the manual process was utilized.

Recommendation: Fair management should ensure the training provided to ticket office tellers include procedures for closing out

sellers when sales occur utilizing the manual process.

Management Response: While Fair management envisions that changes in processes for the 2018 Fair will minimize the potential for "manual days," the tellers must be prepared for this contingency.



Pre-activated Armbands

DOCUMENTATION DEFICIENCIES

To verify that the number of pre-activated armbands redeemed per the Funcard system agreed with the number of vouchers recorded on the settlement reports, the OIG staff requested a Funcard system report (the FunCard report would reflect the number of pre-activated armbands redeemed once the armband was scanned by the ride operator) and settlement reports for each person who was assigned pre-activated armbands. However, a comparison of the system to the settlement reports could not be performed for two reasons. First, for several days of the Fair, the Funcard system did not properly reflect the number of armbands redeemed. Second, the Fair's Controller indicated that the settlement reports could not be located.

Recommendation: Fair management should ensure all settlement reports are maintained and accessible to substantiate bank activities.

Management Response: While the use of pre-activated armbands will no longer occur

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for the 2018 Fair, the lost reports are a concern. The Controller and Bank Manager will relay to all bank personnel that records are not to be discarded unless they have written approval from the Controller.

PHYSICAL SECURITY

Based on the OIG staff's observations, pre-activated armbands were stored on a counter in the banking area and not in a secured area.

Recommendation: Fair management should implement additional physical security controls to ensure all pre-activated armbands are sufficiently safeguarded.

Management Response: The process for the 2018 Fair will convert to the pre-FunCard era. All armbands will be live and must be treated as cash. The armbands will be stored in the Vault room until bagged with cash and tickets and assigned to a seller.

NUMBER OF ARMBANDS PRE-ACTIVATED

The Fair's Controller pre-activates armbands during the busiest times of the day. However, in some instances, an excessive number of armbands were pre-activated as compared to the armbands redeemed.

Recommendation: Since pre-activated armbands require additional accountability and security controls, Fair management should consider utilizing redemption stations in lieu of pre-activated armbands whenever possible.

Management Response: Fair management concurs, and the changes being made to the midway operations will accomplish the task of eliminating all pre-activated armbands. Fair Management has already scheduled an increase in the use of redemption stations for the 2018 Fair.

Audit of Inventory Tracking of Sensitive Property Items

(Report Number: IA 1718-04)

The objective of this audit was to evaluate the adequacy of inventory controls for sensitive property items not recorded in FLAIR.

The scope of this audit was the tracking of sensitive property items purchased during fiscal years 2013 - 2017 for all departmental divisions.



Guidance

Although AP&P 3-4 requires all computers and printers to be tracked, the policy allows the divisions to determine the other items to designate as sensitive property that should be tracked. This has resulted in inconsistency among the divisions as to what should be tracked.

Recommendation: To gain more consistency among the divisions, the department should consider revising AP&P 3-4 to provide more explicit guidance as to the items that must be tracked. Factors that could be considered include the type of item and/or the item's cost.

Management Response: The Division of Administration will remove the topic of sensitive property from AP&P 3-4 and draft a separate policy to provide more explicit guidance as to the items that must be tracked. A sensitive property inventory workgroup consisting of personnel from various divisions will be formed to discuss a standardized departmental approach for

sensitive property. It is anticipated that the new policy will be approved by March 31, 2019.

Only two of the ten divisions had developed a list to formalize items designated as sensitive property.

Recommendation: The divisions should develop lists to formalize items that are designated sensitive property.

Management Response: The divisions have or will develop lists to formalize items that are designated sensitive property.

Data Recorded in the Tracking System

AP&P 3-4 requires the sensitive property record in the tracking system to include the “property identification number, description, division/bureau and/or organization code, name of the person responsible for the item, location and status. Many other data fields in Remedy such as cost, received date, PO or P-Card receipt number are not required in order to complete a sensitive property record. However, without the completion of these fields, or absent a separate mechanism to capture the information, the divisions may overlook recording sensitive property purchases and may not be able to verify a specific purchase has been recorded.

Skills Manager also contains fields to record acquisition date and cost, although the fields are not currently being completed. Skills Manager does not contain a field to record PO or P-Card receipt numbers.

Recommendation: In addition to the data elements currently required for a sensitive property record, the department should consider revising AP&P 3-4 to also require completion of the cost, PO number and received date fields in the tracking system record, and that P-Card receipts be attached.

Management Response: OATS is scheduled to implement the Cherwell Remedy application which will replace the current

Remedy application in August 2018. Requiring additional data elements, such as the cost, PO number and received date, will need to be vetted and programmed into the new application. These changes must be made in conjunction with OATS and may require Project Management Office and Information Technology Governance approvals. The determination as to whether to require additional data elements and documentation will be made by March 31, 2019.



Conducting Sensitive Property Inventory

AP&P 3-4 states, “sensitive property items shall be inventoried annually in conjunction with the FLAIR property inventory by the respective division” to ensure items are properly accounted for as recorded in the property system. The OIG obtained documentation from five of the ten divisions to support that the sensitive property inventory was conducted and reconciled in 2016. The five remaining divisions either do not scan sensitive items during the annual inventory or do not reconcile if they do scan.

AP&P 3-4 also states, “records in Remedy shall be updated to indicate the date the item was inventoried.” The “Annual Inventory Date” in Remedy is a manual input field and is burdensome to update for individual items. Of the 20,951 active items in Remedy, 18,163 or 86.7% carried a blank “Annual Inventory Date.”

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Recommendations: The department should revise AP&P 3-4 to require all divisions to not only conduct an annual inventory of sensitive property items in Remedy and Skills Manager, but to also conduct a reconciliation. Documentation should be maintained to meet records retention requirements.

The department should consider offering an alternative method of documenting the annual inventory date, such as printing the reconciliation report(s) which would be signed and dated by the individual performing the inventory.

Management Response: The Division of Administration will incorporate the requirement for the performance of an annual inventory into the new sensitive property policy and draft a standard operating procedure for the reconciliation process. Alternative methods for documenting the annual inventory date will also be addressed in the new policy.

Sensitive Property Disposals

TRANSFER OF ITEM TO OATS OR DIVISION DISPOSAL

Division approval to dispose of the item had been obtained for 62 (94%) of 66 items reviewed. However, in two divisions, the individuals approving the disposals also had custody of the property and maintained Remedy records.

Divisions are to send emails to OATS to update the “OATS Status” in Remedy when an item is disposed. The OIG was provided the required emails for only 12 of the 66 items sent to surplus.

Recommendations: The department should consider revising AP&P 3-4 to specify requirements for disposing of sensitive property to include:

- obtaining and documenting division approval to dispose of the item;
- documenting the method of disposal;
- documenting the date of disposal;
- providing notification to OATS to update the “OATS Status” in Remedy;
- notifying the individual responsible for updating the status in the tracking system; and
- maintaining disposal documentation in accordance with records retention requirements.

An alternative to the requirement of notifying OATS to update the “OATS Status” in Remedy could be the implementation of an automated alert to OATS when the “Status” field is changed in Remedy.

The department should revise AP&P 3-4 to provide specific requirements regarding the segregation of duties for tracking sensitive property.

Management Response: The Division of Administration will incorporate the items specified, including the requirement for segregating incompatible duties, into the new sensitive property policy.

WIPING OF DATA

In accordance with AP&P 3-4, the divisions are responsible for ensuring any sensitive property not transferred to OATS and contains software or data is wiped clean to DOD standards. Examples given in the AP&P include cameras, security equipment and cell phones.

The surplus items the OIG reviewed included a fax machine disposed of in a dumpster. The division deleted the numbers from the machine but was unsure whether it contained images of documents sent or received.

Recommendation: The department should consider revising AP&P 3-4 to include



additional examples of sensitive items that should be wiped clean prior to disposal, including fax machines.

Management Response: The sensitive property inventory workgroup will discuss additional sensitive items that should be added to the new policy.

METHOD OF DISPOSAL

The surplus items also included six Garmin GPS devices, five of which were crushed prior to disposing in a dumpster. During research, the OIG learned that some Garmin GPS devices contain small amounts of mercury.

Per DEP's website, all mercury containing devices, including those from households and other residential buildings, are prohibited by law from being disposed of at any municipal solid waste disposal facility in Florida such as a landfill or solid waste incinerator.

Recommendation: The department should revise AP&P 3-4 to ensure proper disposal methods are provided for sensitive property items, as appropriate.

Management Response: The sensitive property inventory workgroup will discuss proper disposal methods for sensitive property and will incorporate results into the new policy, as appropriate.

Stolen Sensitive Property

AP&P 3-4 states, "If a sensitive item is stolen, if appropriate, the Property Custodian Delegate shall obtain a copy of the police report, denote the Remedy "Status" field as "Stolen," and scan/attach the copy of the police report to the property record within Remedy. The OIG reviewed a listing of all Remedy assets as of January 29, 2018, and identified 68 sensitive property items with an "OATS Status" of "Asset Reported Stolen".

The division believed one of the items was sent to surplus rather than stolen. A police

report was obtained for 18 (27%) of the remaining 67 items, various stolen property reports were completed for 9 (13%) of the items, and for 40 items (60%), the divisions were unable to produce documentation evidencing the item was stolen. None of the 18 police reports were attached to the property record in Remedy; however, a "Report of Lost or Missing Property" was attached to the record of two sensitive property items that were stolen.

Recommendation: The department should revise AP&P 3-4 to clarify the circumstances for which it is appropriate for the division to obtain a police report when a sensitive property item is stolen. The policy should also specify under what circumstances, if any, the department's internal Stolen Property Report, FDACS 01098, can substitute for the police report. Regardless of the type of report used, the department should require that all stolen sensitive property be documented, and preferably attached to the associated record in Remedy.

Management Response: The Division of Administration will incorporate the requirements for documenting stolen sensitive property into the new policy.

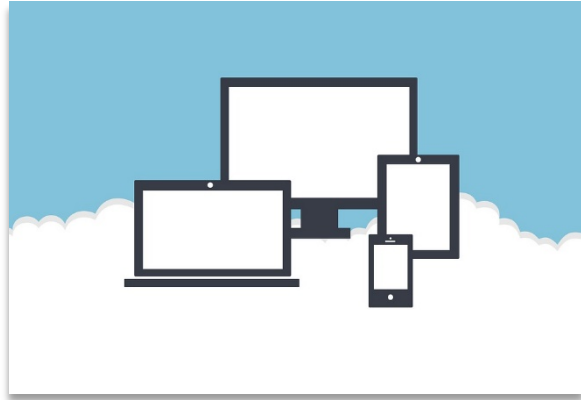


Expenditures for Sensitive Property

The OIG reviewed 111,530 expenditure transactions and identified 4,741 transactions containing sensitive property items. The OIG attempted to trace the purchases to the

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tracking system by using a PO number or P-Card receipt but was unsuccessful because of the 20,951 active items in Remedy, the PO number field contained a “0” or was left blank for 8,657 (41%) of the items and a P-Card receipt was attached for only 619 items.



Since the OIG could not trace each individual purchase to the associated record in Remedy, we attempted to trace the purchases in total to recordings in Remedy. However, this methodology proved unsuccessful due to several factors including when items were transferred to OATS for disposal, the division that purchased the item was replaced with OATS in the Remedy record. The OIG also determined 4,177 (88%) of the 4,741 transactions were made with a P-Card. Because there is no automated workflow or process that would alert the property recorder that an item was purchased with a P-Card, the potential is increased that the item may not be recorded in Remedy.

We also determined that for five of the ten divisions that track sensitive items in addition to computers and printers, the DIO has some tracking responsibility, i.e., recording sensitive property, providing information to OATS to record, or coordinating with an assistant to record the item in Remedy. For these divisions, the DIO generally purchases IT equipment and is aware of the need to record the items in Remedy. If the purchaser

is not the recorder, then the recorder must rely on purchasers, P-Card approvers, fiscal persons approving budget availability and, in some cases, the users to alert the recorder when a sensitive item is purchased.

Recommendation: The department should revise AP&P 3-4 to include the requirement that a Remedy record include a PO number or that a P-Card receipt is attached.

Management Response: The Division of Administration will assess the Cherwell Remedy application and make a determination as to whether to include the recommended data elements.

Recommendation: The department should ensure that the original division or organization code is retained in the Remedy record for all sensitive items.

Management Response: The Division of Administration will discuss with OATS the ability to retain the original division or organization code in the Cherwell system.

Recommendations: The divisions should develop a process to ensure OATS is notified of all P-Card purchases for computers and printers.

The divisions should develop a process to ensure that the division’s property recorder is notified of all P-Card purchases for sensitive property items not recorded by OATS.

Management Response: The divisions will develop a process to ensure OATS is notified of all P-Card purchases for computers and printers.

The divisions will develop a process to ensure that the division’s property recorder is notified of all P-Card purchases for sensitive property items not recorded by OATS.

Monitoring of Inspector Performance Division of Animal Industry (Report Number: IC 1718-05)

The objective of the audit was to evaluate the controls and methods used to ensure inspections are performed in accordance with the division's internal policies and procedures and management's expectations.

The scope of the audit was inspections and supervisory monitoring activities performed during July 2017 through December 2017.

The OIG reviewed the bureau's policies and procedures and select position descriptions, and interviewed division personnel to evaluate the methods used to monitor an inspector's

performance. Our results and recommendations were as follows.

Daily Activity Reports

The inspector's and supervisor's signatures are required on the daily activity reports (DARs) to signify the accuracy of information provided by the inspector and completion and approval of the review by the supervisor.

The OIG reviewed 36 supervisors' DARs and 146 inspectors' DARs to verify that the appropriate signatures were obtained. Our review determined that for supervisors, all 36 DARs were signed by the supervisor and their VMO. In addition, all 146 DARs were signed by the inspector and their supervisor.

Inspection and Visitation Reports

According to management, the requirement that inspectors complete a visitation report to document inspection activities was deemed unnecessary with the creation of the DAR

system in 2009. Instead, the DAR system was used to record such information as the date, duration and location of an inspection and captured the number and type of animals inspected.

During the audit period, division management was reassessing whether a visitation report should be completed when other forms of documentation was not used during a visit or inspection; therefore, the reports were not uniformly completed across all districts for market inspections.

The OIG selected 480 inspections or visitations performed during July 2017 through December 2017 and was able to

locate 262 (55%) of the 480 reports selected. The remaining 218 were documented in the DAR system in accordance with the division's stated practice during the audit period. The DAR system has limitations in that a client's signature is not maintained by the system. However, in

March 2018, division management reestablished the requirement that all inspections and visitations are to be documented on the reports.

In addition, the OIG's ability to locate reports was hindered due to the fact that reports are maintained either in filing cabinets or in shared drive folders. Management stated that filing locations vary by program and acknowledges this can create difficulties in retrieving reports.

For the 262 inspection and visitation reports the OIG was able to obtain, we determined that all 262 reports were signed by the inspectors. We also determined that 174 (66%) were signed by the client.



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Recommendations: Management should formalize in written policy the requirement that a visitation report be completed when another document is not used during the inspection activity. In addition, management should continue to evaluate alternative systems for storing reports in a manner that will give the division a means of retrieving the reports using a variety of search criteria.

Management should require inspectors to obtain a signature from the client on inspection and visitation reports when feasible, as a client's signature increases the level of assurance that an inspection or visitation occurred on the date and time specified on the report. In the event the inspector is unable to obtain a signature, the reason should be documented by the inspector in the signature section of the form. In addition, in instances where a client signature was not obtained, supervisory activities should be enhanced to provide reasonable assurance that the inspection or visitation actually occurred.

Management Response: The Bureau of Animal Disease Control has implemented a written policy, dated March 15, 2018. This policy addresses the creation, collection of signatures and the submission of the Electronic Visitation Report. The Visitation Report FDACS 09129 form was updated in March of 2018 to include the representative signature and date to eliminate any signature duplication. The written policy was also updated to reflect the requirement of the supervisor signature if the form could not be signed by a premise representative to encourage inspectors to obtain premise representative signatures. The division is exploring software possibilities to streamline this process.

Duplication of Electronic Signatures

During our review of inspection and visitation reports, the OIG identified 61 reports that contained a duplicated electronic

signature (a client's signature was copied from an inspection or visitation report and applied to another inspection or visitation report in lieu of obtaining the client's signature in person) for inspections of livestock and small animal markets.



Districts five and six had the highest number of reports containing duplicated signatures. The reports were submitted by nine inspectors and two specialists from four districts.

The OIG notified division management of the inspectors' practice of duplicating signatures on reports. Division management discussed the practice with district supervisors and, according to management, at least one supervisor was aware of and allowed the practice.

Division management instructed the inspectors and supervisors to immediately cease the practice of duplicating client signatures on reports.

Recommendation: The supervisory responsibilities should be enhanced to include a review of inspection and visitation reports to ensure client signatures are not duplicated. In addition, management should revise policies and procedures to prohibit the duplication of client signatures and to require reports be dated by the client.

Management Response: It is currently the supervisors' responsibility to cross reference the DAR to the inspectors submitted documents. The supervisors randomly check for signature similarities on commonly inspected sites including but not limited to livestock markets, weekend sales and quarantined facilities. The Veterinarian

Medical Officers, to varying degrees, also assist with these procedures. The division has updated the Electronic Visitation Report policy to address the prohibition of the duplication of the client signatures and to require the reports to be originally signed and dated by the client.

Supervisory Monitoring Activities

The OIG surveyed the six district supervisors regarding the methods they used to monitor inspector performance. The OIG surveyed the six district supervisors regarding the methods they used to monitor inspector



performance. The responses indicated that monitoring activities varied, ranging from supervisors observing inspection activities as they assisted inspectors in completing inspections, to not being able to monitor as frequently as desired due to workload and time constraints.

Division management indicated that some supervisors contact clients after an inspection to obtain feedback regarding the inspection; however, supervisors are not required to follow-up with the client. Management expects supervisors to establish monitoring procedures for their respective districts, considering such constraints as time and distance between inspection sites while factoring in an inspector's expertise and the type of inspections performed.

Recommendation: Division management should establish, in policy, a minimum level of activities supervisors should perform to monitor the performance of inspectors. The policy should include requirements for observing inspections, reviewing inspection results, and obtaining feedback from the client after inspections are performed. Documentation should be maintained to substantiate the supervisors' performance of the monitoring activities.

Management Response: Current supervisor SMART expectations include "Responsible for monitoring specialist/inspector productivity, training, timekeeping and work-related wellbeing. Responsible for accuracy of all monthly reports conducted by the inspectors and specialists under their supervision. Accompanies each inspector in supervised districts at least twice per year for a full work day (8 total hours) at location other than the market." The division is exploring ways to consistently conduct random surveys of inspected premises.

The division will continue to identify ways to fairly and accurately trace field staff activities. In the past, multiple methods have been tried including using applications through the department cell phones to better monitor inspector time and location, but that system was discontinued. Also, the division would support GPS devices in state vehicles similar to what many private companies and our federal counterparts use. This would greatly assist in inspector accountability, help ensure safety and improve efficiency.

The OIG held discussions with management regarding the division's DAR system. Division management is aware of the DAR system's data limitations and, since the current system cannot be upgraded, has begun evaluating data management systems that would better meet the division's needs. Features the division desires of the system include, but are not limited to, the ability to

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produce reports electronically and obtain a client's signature on a mobile device, a method of electronically storing documents with the ability of retrieving data using a variety of search criteria, and a GPS tracking system to monitor resources.

Recommendation: Division management should continue exploring software solutions that will mitigate the limitations of the division's DAR system.

Management Response: The areas noted in this section have been addressed in subsequent Inspection Staff meetings to promote consistency across district lines. The division is currently piloting software to assist with this need and to further streamline the documentation completion and submission process.

2018 Florida State Fair Attendance and Gate Admission Revenue (In Progress)

The objectives of the audit are to determine if the reported attendance and gate admission revenue is fairly stated, and to assess the efficiency of the Fair's fiscal activities. The scope of the audit is the attendance and gate admission revenue of the 2018 Fair held during the period of February 8 - 19, 2018, including advance gate admission sales occurring prior to the Fair's opening and refunds or credits made through February 28, 2018.

Performance Measure Accuracy Division of Plant Industry *Percentage Change in Number of New Harmful Exotic Organism Detections* (In Progress)

The objective of the audit is to determine whether the number reported for actual performance for Fiscal Year 2016-2017 is fairly stated.

Office of Agricultural Law Enforcement's Evidence Handling (In Progress)

The objective of the audit is to evaluate the Office of Agricultural Law Enforcement's procedures for handling evidence to assess compliance with standard operating procedures and Florida Statutes.

Purchasing Card Process (In Progress)

The objective of this audit is to assess whether P-Card processes, including the approval of charges and associated reconciliations, comply with state laws, rules and the department's Administrative Policies and Procedures.

Performance Measures – Review of Validity and Reliability Statements (No Report Issued)

The Audit Section reviewed the addition, deletion, or modification of the Long Range Program Plan Exhibit IV: Performance Measure Validity and Reliability statements, to assess the validity and reliability of the information contained in the Exhibit, and to make recommendations for improvement, if necessary.

Technology Governance Committee

The Audit Section takes an active role in advising and consulting with department management in the information technology arena by serving as a member on the Information Technology Life Cycle Review Panel.

As an advisory member, the Director of Auditing attends panel meetings to participate in discussions concerning issues associated with the development and deployment of new applications, including the infrastructure requirements and the necessary security controls.

External Audit/Review Activities

The OIG is the coordinator for external audits or reviews conducted by the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), federal auditors, and other governmental entities. As such, the Audit Section also evaluates findings and the department's responses. In addition, the Audit Section performs follow-up activities to determine the status of corrective action for findings contained in reports issued by the Auditor General or the OPPAGA. The OIG also monitors reviews performed by other external entities, such as the federal auditors, and other governmental entities.

The Audit Section coordinated eight external audits or reviews conducted by federal or state agencies during Fiscal Year 2017-2018, as reflected below, and made a determination regarding the status of corrective action, where appropriate.

External Review Activities for FY17-18			
AGENCY	REPORT #	REPORT TITLE/ENGAGEMENT'S FOCUS	PAGE #
Auditor General	N/A	Financial Statements FY Ending 06/30/17	29
Auditor General	In Progress	Federal Awards FY 2017-2018	29
Auditor General	In Progress	2017 Operational Audit and Prior Audit Follow-up	29
OPPAGA	N/A	2018 Florida Government Program Summaries	29
DFS	N/A	Financial Statements FY Ending 06/30/17	30
USDA	N/A	Financial Management Review	30
USDA	N/A	2017 State Technical Assistance Management Evaluation of the Special Nutrition Program for WIC FMNP	30
USDA	In Progress	Florida's Control Over Summer Food Service Program	30

OFFICE OF THE AUDITOR GENERAL

**Financial Statements
FY Ending 06/30/17**
(Florida's Comprehensive Annual Financial
Report for Fiscal Year Ending 06/30/17)

This project concerned the state of Florida's Basic Financial Statements to include an annual fraud inquiry, financial noncompliance disclosure, legal representation letter, management representation letter, or a reconciliation of the State Expenditures for Federal Awards.

**Federal Awards for FY 2017-2018
Child Nutrition**
(In Progress)

The audit procedures will be limited to test of the FNS-10 report to follow-up on finding No. 2016-006.

2017 Operational Audit (In Progress)

The Auditor General's operational audit is focused on the Department's administration of private investigator, security officer, recovery agent, and concealed weapons licenses; selected administrative issues; and includes a follow-up of the Department's corrective actions for Auditor General Report Nos. 2015-016 and 2015-182.

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY (OPPAGA)

**2018 Florida Government
Program Summaries**
(Report maintained electronically)

This was an annual update of the department's information contained on the

AUDITING

Office of Program Policy Analysis and Government Accountability's website.

DEPARTMENT OF FINANCIAL SERVICES

Financial Statements FY Ending 06/30/17

(Florida's Comprehensive Annual Financial Report for Fiscal Year Ending 06/30/17)

This was a request for completion of the Consideration of Fraud in Financial Reporting Certification form by the Commissioner. It acknowledges agency management's responsibility to prevent and detect fraud in regard to its own agency financial information included in the statewide financial statements, and completion of a management representation letter relating to internal controls over statewide financial reporting.

UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)

Financial Management Review

(Report Date December 2017)

The Food and Nutrition Service conducted a Financial Management Review (FMR) of the Division of Food, Nutrition and Wellness' administration of the National School Lunch Program and the Summer Food Service Program.

The results of the FMR were favorable and there were no findings or observations reported.

2017 State Technical Assistance Management Evaluation of the Special Supplemental Nutrition Program for Women, Infants and Children Farmers' Market Nutrition Program

(Report Date August 2017)

The Southeast Regional Office of the Food Nutrition Service (FNS) conducted the Fiscal Year 2017 State Technical Assistance Review (STAR) Management Evaluation (ME) of the Florida Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Farmers Market Nutrition Program (FMNP).

The purpose of the ME was to evaluate the Florida WIC FMNP operations and performance of established WIC FMNP policies, regulatory requirements, and quality standards.

There were no major findings identified in this ME.

Florida's Controls Over Summer Food Service Program

(In Progress)

The USDA Office of Inspector General is conducting an audit to determine whether Florida has adequate controls in place to reasonably ensure the Summer Food Service Program (SFSP) is operating under program requirements. Specifically, the objective is to (1) evaluate the adequacy of the State agency's controls over SFSP sponsors, and (2) determine if selected sponsors and distribution sites are in compliance with program requirements.

Open Audit Findings from Prior Annual Reports

Timely analysis and appropriate corrective actions should result from any findings and recommendations made in conjunction with internal or external assurance services. Findings and recommendations are communicated to management early in the audit process. This results in corrective actions often being completed prior to the finalization of assurance projects. Additionally, the Audit Section emphasized timeliness in corrective action plans of management and subsequent follow-up activities. As a result of management's responsiveness, many of the significant audit findings previously reported through the Fiscal Year 2016-2017 Annual Report have been resolved. Follow-up during Fiscal Year 2018-2019 is planned for two projects to assess corrective actions taken.

End of Report



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